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UNCLAS SECTION 01 OF 02 MONROVIA 000785

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SUBJECT: ETHIOPIAN AIRWAYS TO FLY TO MONROVIA

REF: MONROVIA 612

¶1. (SBU) SUMMARY: Ethiopian Airways (EA) will begin flights to Roberts International Airport (RIA) October 25, expanding its service in West Africa by linking Monrovia to Addis Ababa through Accra. EA's entrance will meet the need for more avenues from Liberia into Africa, Europe and the United States, and testifies to international carriers' increased interest in the lucrative West African routes. Lockheed Martin, acting as principal negotiator for the airport, believes it secured a favorable deal for RIA that will unlock new revenue streams. As security and safety challenges continue to delay direct flights to the U.S, other international airlines are establishing a presence in Liberia, and should increase competition for European and U.S. routes. END SUMMARY.

¶2. (SBU) RIA signed a contract October 13 with Ethiopian Airways to offer daily flights six days a week to Addis Ababa. EA will service Monrovia Sunday through Friday in either the mid-morning or early afternoon, stopping in either Accra or Conakry before arriving in Addis Ababa. Lockheed Martin Country Manager Jim Ebanks told Econoffs October 14 that Lockheed principally negotiated the contract.

¶3. (SBU) The advent of EA flights will provide an additional route from Liberia to other African destinations, Europe and the United States. In addition to the Brussels Airlines flight via Abidjan and Brussels, Kenya Air via Accra, or Royal Air Maroc via Casablanca, travelers departing Monrovia may now reach the continental U.S. via Addis Ababa and Rome. Fares are likely to be comparable, while total flight time to the United States may actually decrease on flights through Accra. Ebanks believes EA is interested in capturing more passenger traffic along the West African route and increasing transfers at its Addis Ababa hub. Ebanks stated RIA and LCAA are currently in discussions with other carriers for flights to Monrovia, including Royal Jordanian, South African Airways and Emirates.

¶4. (SBU) The Ethiopian flight will also provide much-needed revenue to RIA. The EA 757 servicing Monrovia will provide ample opportunity for revenue generation, including \$1,000 per landing and additional aircraft and passenger fees. Tension in Guinea may mean the aircraft, crew and passengers would overnight in Monrovia rather than Conakry, generating additional sources of revenue. For years, RIA lacked the capacity to support overnight services, disqualifying it as a destination for many long-haul commercial carriers as well as U.S. military flights. Under Lockheed management, Ebanks stated that RIA is now able to accommodate aircraft overnight, thanks to increased potable water service and fuel capacity. Ebanks does not view the lack of catering services as an issue because the over-nighting flight will fly to Accra first, where catering is available. In addition to over-nighting, Ebanks said Lockheed Martin is exploring new revenue streams, such as charging passengers for use of the now-closed VIP lounge, parking at RIA, and cargo storage.

¶5. (SBU) Given RIA's tight budget, the revenue from the regular

flights will provide fiscal space for new investments in infrastructure and customer service. Ebanks detailed Lockheed Martin's plan to use the projected revenue to build a mezzanine level in the airport's existing cargo storage facility, part of a long-term plan to market RIA as a transshipment point. Ebanks also plans to expand the parking lot to add paid parking spaces.

¶6. (SBU) Lockheed Martin believes it has vindicated its presence as de facto manager of the airport (reftel). Ebanks claims international airlines appear more enthusiastic about venturing into Monrovia, thanks to improving safety and security measures and tighter fiscal controls at RIA. He added that Lockheed Martin led negotiations with Ethiopian Airlines, and prevented RIA management from acceding to EA's request for a 20 percent discount on its contract. The Liberian Civil Aviation Authority (LCAA) certified EA, but was not involved in contract negotiations.

¶7. (SBU) COMMENT: The addition of a second route to Europe and the United States is welcome, and could entice more international carriers to open up new routes into Africa and Asia. With the added competition, Brussels Airlines may feel some pressure to compete on fares. Ethiopian Airlines plans to arrive and depart during daylight hours, which may prove more convenient for travelers than with Brussels or RAM, which fly at night. However, most travelers likely will continue to prefer the convenience of direct flights to Europe. Ethiopian Airlines does not have a code-share agreement with a U.S. carrier, so official USG travelers would have to travel first to Accra in order to take a Delta or American Airlines code-share flight. If Ethiopian Airlines opts to overnight in Monrovia rather than Conakry, RIA will have an opportunity to prove its ability to service and secure aircrafts for longer stays, and Liberia may showcase the nearby RLJ Kendeja Resort to crewmembers and passengers.

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